

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF BOONE COUNTY)
WATER AND SEWER DISTRICT AND RIVERSHORE)
FARMS DEVELOPMENT FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY, APPROVAL) CASE NO. 90-130
OF INITIAL RATES AND TRANSFER)

O R D E R

On May 14, 1990, the Boone County Water and Sewer District ("Boone County") and Stabil, Inc. ("Stabil") filed a joint application for a Certificate of Public Convenience and Necessity to construct a sewage treatment plant to serve the Rivershore Farms development, and for Commission approval to transfer the sewage treatment plant upon construction to Boone County. On June 5, 1990, counsel for the applicants was notified by the Commission that the application lacked certain information required by Commission regulations to be filed. The applicants cured the deficiencies by providing the requested information on June 18, 1990.

Having reviewed the application and evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. The proposed construction project consists of a 16,000 gallon per day sewage treatment plant which is designed to accommodate 40 residential customers in the Rivershore Farms Subdivision in Boone County, Kentucky.

2. Total cost of the proposed construction project is estimated to be \$150,832. The construction project will be financed by Stabil with existing funds.

3. The Division of Water of the Natural Resources and Environmental Protection Cabinet has granted preliminary approval to the proposed construction project.

4. Public convenience and necessity require that the construction proposed in the joint application be performed.

5. Stabil has agreed to sell, and Boone County has agreed to purchase, the sewage treatment system for \$1. Under the terms of the transfer agreement, the sale will occur upon completion of construction of the proposed system and the issuance of all necessary licenses and permits by the Commonwealth authorizing the system's operation, but before service is begun.

6. Boone County, as a water district organized under the provisions of KRS Chapter 74, is a political subdivision of the Commonwealth. As of December 31, 1989, Boone County's sewer operations had assets of \$7,167,737.¹

7. Boone County employs individuals who are certified as wastewater system operators by the Kentucky Board of Certification of Wastewater System Operators.

8. In view of its financial assets and its status as a political subdivision of the Commonwealth, Boone County has sufficient financial integrity to ensure the continuity of sewage

¹ Annual Report of Boone County Water and Sewer District (sewer operations) for the year ended December 31, 1989, p. 2.

service. A copy of a valid third-party beneficiary agreement guaranteeing the continued operation of the proposed sewage treatment system is therefore not required. 807 KAR 5:071, Section 3(1)(a).

9. Boone County has the financial, technical, and managerial abilities to provide reasonable utility service to the residents of Rivershore Farms.

IT IS THEREFORE ORDERED that:

1. A Certificate of Public Convenience and Necessity is granted to the applicants to construct the proposed sewage treatment plant as set forth in the drawings and specifications contained in their application.

2. Stabil and Boone County shall furnish duly verified documentation of the total cost of this project including the cost of construction and other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date construction is substantially completed. Said construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Sewer Utilities prescribed by the Commission.

3. Stabil's contract with its engineer shall require the provision of a full-time resident inspector under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction work is done in accordance with the contract plans and specifications and in conformance with the best practices of the construction trades involved in the projects.

4. Stabil and Boone County shall furnish to the Commission a copy of the "as-built" drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

5. Any deviations from the construction drawings and specifications herein approved which could adversely affect service to any customer shall be subject to the prior approval of the Commission.

6. The transfer of the sewage treatment plant to Boone County prior to the commencement of the system's operations is approved.

7. If the agreed-upon transfer does not occur, the proposed sewage treatment system shall not begin operation until Stabil has submitted a valid third-party beneficiary agreement or other proof of financial integrity to ensure continuity of sewer service as required by Commission regulations.

Done at Frankfort, Kentucky, this 11th day of July, 1990.

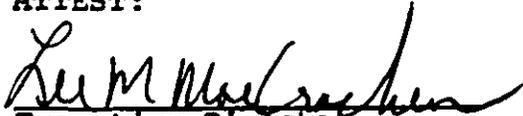
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director